

## Comments regarding Open-Ended Lending Regulation Changes Docket #R-1364

To Whom It May Concern:

We would like to comment on the CUNA memo dated 08/05/2009. In particular we wish to address question 19 (page 17 of the memo/FAQ's). The question and response reads thus:

***If a member's loan is currently delinquent, and the payment due date is actually June 27<sup>th</sup>, what payment due date should we list on the periodic statement mailed after August 20<sup>th</sup>?***

*The 21-day timing requirement refers to the time period between the date a specific periodic statement is mailed or delivered and the next payment due date for the month the statement is provided. For those loans that are delinquent, it is not the delinquency due date that is listed on the periodic statement. Based on the facts in question, the date that should be listed on the next periodic statement mailed in early September for the month of August, should be September 27<sup>th</sup>. This date is in no way an indication of a member's delinquency, only the very next payment due date. A credit union that wanted to provide some notice that a member's account was delinquent could provide a brief note in the statement such as: "Your loan is two payments late".*

Our comments/concerns:

When a borrower takes a loan, their due date is disclosed at funding and they receive coupons with said due date on each coupon. Alternately, they may set up an automatic transfer from their account for that specific due date. **The due date remains the same each month.**

In your example scenario, the September payment due date you propose be listed on the statement will only confuse the borrower. Our statements do not disclose a "past due" amount, only the next payment due date (which in this case would be June 27, 2009).

Additionally, the borrower will focus on "Next Payment Date September 27, 2009".

The same borrower will then wonder why he/she is receiving delinquency notices and letters.

This will be very misleading, especially when we report the account as past due.

By disclosing the legitimate due date as June 27, 2009, it is clear to the borrower that the account is past due and being reported as such.

Additionally, this will create havoc when responding to credit report disputes as we rely on statement copies to assist us in these cases. Let's say a borrower took a loan in January 2006, and is disputing 2 (two) 30 day late payments (one in November of 2006 and one in March of 2008).

We would pull statement copies for 10/06, 11/06 and 12/06 and 2/08, 3/08 and 4/08.

It would then be a simple matter to show their October statement reflected a due date of 10/30/2006 and the same due date of 10/30/06 on the November statement. No payment will have been made in that reporting period so as of 12/1/2006 the account would be 30 days past due. The same would apply to the March payment. Under this new statement regulation, we will have to pull statements back to the inception of the loan and manually re-create the payment history to confirm the late payment reporting is accurate. This will be a huge time consuming issue. We are only a small Credit Union, researching a single dispute can take several hours and we have had months in which we receive as many as 10 disputes for processing.

We feel our concern is both legitimate and well founded.

Kindly consider how these requirements will affect the financial institution (both small and large) as well as cause confusion to the consumer.

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